

TRANSPORTATION

Budget Summary						FTE Position Summary				
Fund	2010-11	Governor		2011-13 Change Over		2010-11	Governor		2012-13	
	Adjusted Base	2011-12	2012-13	Base Year Doubled	%		2011-12	2012-13	Over 2010-11	%
				Amount					Number	
GPR	\$76,374,600	\$43,066,300	\$268,774,300	\$159,091,400	104.2%	0.00	0.00	0.00	0.00	0.0%
FED	778,046,700	844,880,900	850,881,800	139,669,300	9.0	900.86	863.79	843.79	- 57.07	- 6.3
PR	5,383,500	5,358,500	5,358,500	- 50,000	- 0.5	16.00	15.00	15.00	- 1.00	- 6.3
SEG	1,640,669,900	1,499,874,900	1,522,311,800	- 259,153,100	- 7.9	2,571.62	2,461.73	2,421.73	- 149.89	- 5.8
SEG-L	108,559,400	108,559,400	108,559,400	0	0.0	0.00	0.00	0.00	0.00	0.0
SEG-S	203,966,700	192,898,100	197,898,100	- 17,137,200	- 4.2	7.00	6.00	6.00	- 1.00	- 14.3
TOTAL	\$2,813,000,800	\$2,694,638,100	\$2,953,783,900	\$22,420,400	0.4%	3,495.48	3,346.52	3,286.52	- 208.96	- 6.0%
BR		\$681,014,600								

Budget Change Items

Transportation Finance

1. FUND CONDITION STATEMENT

The following table shows the transportation fund condition statement reflecting revenues and expenditures under the provisions of the bill.

As shown in the table, the Governor's budget assumes a biennium-beginning balance of \$0. This is based on the assumption that the Department will submit, and the Joint Committee on Finance will approve, a plan for reducing unencumbered balances in 2010-11 continuing appropriations by an amount (in addition to lapses from annual and biennial appropriations) sufficient to eliminate a projected transportation fund deficit. Without these actions, DOT's November 17, 2010, budget request projected that the fund would have a biennium-beginning deficit of \$90.7 million. However, recent revenue collections have improved somewhat and the Department now believes that the deficit will be smaller, although a comprehensive reestimate has not yet been prepared.

	<u>2011-12</u>	<u>2012-13</u>
Unappropriated Balance, July 1	\$0	\$1,861,300
Revenues		
Motor Fuel Tax	\$971,605,800	\$970,605,800
Vehicle Registration Fees	612,398,300	606,623,600
Less Revenue Bond Debt Service	-196,285,100	-212,068,900
Auto-Related Sales Tax	0	35,127,000
Driver's License Fees	41,701,700	41,694,600
Miscellaneous Motor Vehicle Fees	28,794,700	28,793,800
Aeronautical Fees and Taxes	8,196,200	8,167,900
Railroad Property Taxes	25,717,900	25,717,900
Investment Earnings	3,559,400	10,867,500
Miscellaneous Departmental Revenues	<u>40,186,300</u>	<u>40,444,900</u>
Total Annual Revenues	\$1,535,875,200	\$1,555,974,100
Total Available	\$1,535,875,200	\$1,557,835,400
Appropriations and Reserves		
DOT Appropriations	\$1,499,518,700	\$1,521,955,600
Other Agency Appropriations	24,716,900	24,992,700
Less Estimated Lapses	-1,000,000	-1,000,000
Compensation and Other Reserves	<u>10,778,300</u>	<u>8,399,300</u>
Net Appropriations and Reserves	\$1,534,013,900	\$1,554,347,600
Unappropriated Balance, June 30	\$1,861,300	\$3,487,800

2. USE OF REVENUES FROM OTHER FUNDS TO SUPPORT TRANSPORTATION PROGRAMS

Under the bill, revenue from three other funds that traditionally has been used to support programs other than transportation would be used to support transportation programs. These include the following provisions, which are summarized in more detail elsewhere: (a) the transfer of a portion of the sales and use tax on motor vehicles, parts, and accessories from the general fund to the transportation fund; (b) the use of general fund appropriations to support mass transit operating assistance; (c) the authorization of general fund-supported bonds for the state highway rehabilitation program; (d) conversion of the \$9 vehicle environmental impact fee, which is deposited in the environmental fund, to an additional \$9 title fee, which would be deposited in the transportation fund; and (e) a transfer from the petroleum inspection fund to the transportation fund. The following table summarizes the benefit to transportation programs from each of these provisions.

Other Fund Revenues Used To Support Transportation Programs

	<u>2011-12</u>	<u>2012-13</u>	<u>Biennial Total</u>
General Fund			
Sales Tax on Vehicles	\$0	\$35,127,000	\$35,127,000
Mass Transit Appropriations	0	106,478,300	106,478,300
State Highway Rehabilitation Bonds	<u>115,351,500</u>	<u>0</u>	<u>115,351,500</u>
General Fund Subtotal	\$115,351,500	\$141,605,300	\$256,956,800
Environmental Fund			
Shift Environmental Impact Fee	\$10,500,000	\$10,500,000	\$21,000,000
Petroleum Inspection Fund			
Transfer to Transportation Fund	<u>\$19,500,000</u>	<u>\$19,500,000</u>	<u>\$39,000,000</u>
Grand Total	\$145,351,500	\$171,605,300	\$316,956,800

3. FEDERAL HIGHWAY FORMULA AID

Governor: Reestimate federal highway formula aid at \$715,340,300 in 2011-12 and \$721,395,300 in 2012-13, which represents an above-base increase of \$66,212,800 in 2011-12 and \$72,267,800 in 2012-13. In federal fiscal year 2010, the state received \$734.1 million, exceeding the amount reflected in the 2009-11 budget for that year by \$85.0 million. Although the amount that the state will receive in federal fiscal year 2011 remains unknown, it is expected that the state will receive a similar amount as in 2010 if Congress continues current levels of aid through the end of the federal fiscal year. In that event, 2011 federal highway aid will again exceed the 2010-11 appropriation base. The estimate of aid reflected in the bill represents a slight decrease from the anticipated 2011 aid in both years, but those amounts would be an increase above the 2011 appropriation base.

The following table shows the changes to the appropriation base in the bill and the resulting distribution of federal highway formula aid. The most significant changes involve the redistribution of federal funds between state highway programs, reflecting the proposed restructuring of those programs, including the creation of a new program for southeast Wisconsin freeway megaprojects and the elimination of the southeast Wisconsin freeway rehabilitation program. Other federal funding changes are associated with the Department's estimate of the state's cost of supporting the Hiawatha passenger rail service between Chicago and Milwaukee, standard budget adjustments, and reductions for budget management measures (elimination of vacant positions and increasing employee contributions for pension and health insurance costs).

	Appropriation Base	Governor Change to Base		Governor Totals	
		2011-12	2012-13	2011-12	2012-13
Local Transportation Facility Improvement	\$72,272,900	-\$34,900	-\$34,900	\$72,238,000	\$72,238,000
Local Bridge Improvement	24,431,100	-21,500	-21,500	24,409,600	24,409,600
Rail Passenger Service	5,218,200	1,081,800	2,331,800	6,300,000	7,550,000
Railroad Crossing Improvements	3,297,100	-5,300	-5,300	3,291,800	3,291,800
Congestion Mitigation/ Air Quality Improvement	11,619,000	0	0	11,619,000	11,619,000
Trans. Enhancements Grants	6,251,600	0	0	6,251,600	6,251,600
Bicycle and Pedestrian Facilities	2,720,000	0	0	2,720,000	2,720,000
Safe Routes to School	3,230,100	0	0	3,230,100	3,230,100
State Highway Rehabilitation	313,554,500	80,766,300	85,616,400	394,320,800	399,170,900
Southeast WI Freeway Rehab.	109,732,200	-109,732,200	-109,732,200	0	0
Major Highway Development	78,693,100	-429,600	-429,600	78,263,500	78,263,500
Southwest WI Freeway Megaprojects	0	95,053,100	95,053,100	95,053,100	95,053,100
Departmental Mgmt. and Ops.	13,339,600	-485,100	-530,200	12,854,500	12,809,400
Administration and Planning	3,665,200	20,200	20,200	3,685,400	3,685,400
Highway Maint. And Traffic Ops.	<u>1,102,900</u>	<u>0</u>	<u>0</u>	<u>1,102,900</u>	<u>1,102,900</u>
Total	\$649,127,500	\$66,212,800	\$72,267,800	\$715,340,300	\$721,395,300

4. TRANSFER OF SALES AND USE TAX ON MOTOR VEHICLES, PARTS, AND ACCESSORIES TO THE TRANSPORTATION FUND

SEG-REV	\$35,127,000
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Governor: Require the Department of Revenue to annually estimate the amount of sales and use tax on motor vehicles and motor vehicle parts and accessories, and deposit a percentage of that amount (as shown below) into the transportation fund, instead of, under current law, in the general fund. Require the estimate and deposit of these revenues to begin with revenues collected by the Department of Revenue on July 1, 2012, and specify that the percentage of total revenues deposited in the transportation fund shall be as shown in the following table, except that the amount deposited in 2012-13 may not exceed \$35,127,000:

<u>Fiscal Year</u>	<u>Percentage</u>
2012-13	7.5%
2013-14	10.0
2014-15	15.0
2015-16	20.0
2016-17	25.0
2017-18	30.0
2018-19	35.0
2019-20	40.0
2020-21	45.0
2021-22, and annually thereafter	50.0

Increase estimated transportation fund revenue by \$35,127,000 in 2012-13. A separate item, summarized under "General Fund Taxes -- General Sales and Use Tax," reflects the

corresponding general fund revenue loss resulting from this change.

[Bill Sections: 881 and 2182]

5. VEHICLE TITLE FEE

SEG-REV	\$21,000,000
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Governor: Increase the vehicle title fee by \$9, from \$53 to \$62, first applying to fees collected for original titles or title transfers on the general effective date of the bill. Increase estimated transportation fund revenues by \$10,500,000 annually to reflect this increase. A separate item, summarized under "Natural Resources -- Air, Waste, and Contaminated Land," would eliminate the \$9 vehicle environmental impact fee, paid upon each original title or title transfer application, resulting in a corresponding revenue reduction for the environmental fund. Consequently, while there would be a revenue change affecting both the transportation fund and the environmental fund, there would be no net change to the total amount paid for a vehicle title (except for titles for neighborhood electric vehicles, which are exempted from the environmental impact fee, but would be subject to the increased title fee).

[Bill Sections: 3131, 3133, and 9348(5)]

6. PETROLEUM INSPECTION FUND TRANSFER TO THE TRANSPORTATION FUND

SEG-REV	\$39,000,000
SEG-Transfer	\$39,000,000

Governor: Transfer \$19,500,000 annually from the petroleum inspection fund to the transportation fund. This represents an increase of \$11,200,000 over the \$27,800,000 transferred in the 2009-11 biennium (\$10,000,000 in 2009-10 and \$17,800,000 in 2011-12). All of these amounts are in addition to a \$6.3 million annual appropriation from the petroleum inspection fund to the transportation fund that began in 2004-05 and would be continued at the base level of \$6,258,500 in each year of the 2011-13 biennium.

[Bill Section: 9210(1)]

7. TRANSPORTATION REVENUE BOND AUTHORIZATION

BR	\$341,763,100
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Governor: Provide increased revenue bonding authority of \$341,763,100 for major highway development projects and administrative facilities. The increased authorization, when added to unused authority at the end of the 2009-11 biennium (estimated at \$152,808,400), is the amount estimated to be needed for projects during the 2011-13 biennium, plus an additional amount for the following biennium to provide sufficient bonding authority to complete projects started in the 2011-13 biennium. The requested bonding authorization reflects the intended use of bond proceeds under the major highway development program (\$154,721,600 in 2011-12 and \$159,721,600 in 2012-13) and for improvements to administrative facilities (\$5,940,000 annually).

[Bill Section: 2236]

8. TRANSPORTATION REVENUE BOND DEBT SERVICE REESTIMATE

SEG-REV - \$47,748,400

Governor: Decrease estimated net transportation fund revenues by \$15,982,300 in 2011-12 and \$31,766,100 in 2012-13 to reflect increases in the amount of vehicle registration revenue needed to pay principal and interest on transportation revenue bonds. Revenue bond debt service is paid from vehicle registration revenue prior to that revenue being deposited in the transportation fund. Consequently, debt service payments are considered negative revenue rather than a transportation fund expenditure. Total transportation revenue bond debt service in 2010-11 is estimated at \$180,302,800, while debt service payments under the Department's request are estimated to increase to \$196,285,100 in 2011-12 and \$212,068,900 in 2012-13.

9. TRANSPORTATION FUND-SUPPORTED GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- SOUTHEAST FREEWAY RECONSTRUCTION PROJECTS

SEG \$39,437,500

Governor: Increase funding for debt service payments on transportation fund-supported general obligation bonds by \$15,989,600 in 2011-12 and \$23,447,900 in 2012-13 to reflect debt service estimates on bonds authorized for southeast Wisconsin freeway reconstruction projects. The estimates in the bill reflect both an anticipated increase in debt service payments for existing bonds and payments for bonds that would be authorized under the bill. With this increase, total debt service payments on these bonds would be estimated at \$41,826,400 in 2011-12 and \$49,284,700 in 2012-13. The bill would authorize bonds totaling \$151,200,000 for southeast Wisconsin freeway reconstruction projects (summarized under "Transportation -- State Highway Program").

10. TRANSPORTATION FUND-SUPPORTED GENERAL OBLIGATION BOND DEBT SERVICE REESTIMATE -- OTHER TRANSPORTATION PROJECTS

SEG \$24,404,300

Governor: Increase funding for debt service payments on transportation fund-supported general obligation bonds by \$9,162,700 in 2011-12 and \$15,241,600 in 2012-13 to reflect debt service estimates on bonds authorized for state highway rehabilitation and major highway development, freight rail, and harbor improvement projects. The estimates in the bill reflect both an anticipated increase in debt service payments for existing bonds and payments for bonds that would be authorized under the bill. With this increase, total debt service payments on these bonds would be estimated at \$21,719,900 in 2011-12 and \$27,798,800 in 2012-13. The bill would authorize bonds totaling \$172,700,000 for these projects, including \$60,000,000 for freight rail rehabilitation projects, \$50,000,000 for state highway rehabilitation projects, \$50,000,000 for major highway development projects (not including \$341,763,100 in transportation revenue bonds authorized for these projects), and \$12,700,000 for harbor improvement projects. These authorizations are separately summarized under "Transportation -- Local Transportation Projects" and "Transportation -- State Highway Program."

**11. GENERAL FUND-SUPPORTED GENERAL OBLIGATION
BOND DEBT SERVICE REESTIMATE**

GPR	\$153,907,800
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Governor: Increase funding by \$73,254,400 in 2011-12 and \$80,653,400 in 2012-13 to reflect a reestimate of debt service payments on general fund-supported, general obligation bonds issued for highway projects. The estimates in the bill reflect both an anticipated increase in debt service payments for existing bonds and payments for bonds that would be authorized under the bill. With this increase, total debt service payments on these bonds would be estimated at \$149,629,000 in 2011-12 and \$157,028,000 in 2012-13. However, a separate item, summarized below, would restructure debt service payments on general fund-supported, general obligation bonds, which would reduce total debt service payments in 2011-12 and would result in a further increase in 2012-13. The bill would authorize \$115,351,500 in general fund-supported, general obligation bonds for highway rehabilitation projects (summarized under "Transportation -- State Highway Program").

12. GENERAL FUND DEBT RESTRUCTURING

GPR	- \$101,294,700
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Governor: Decrease funding by \$106,562,700 in 2011-12 and increase funding by \$5,268,000 in 2012-13 to reflect estimated GPR debt service cost changes associated with the proposed restructuring of general obligation bond and commercial paper principal amounts that would otherwise be paid in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would roll over the principal due on its outstanding commercial paper in 2011-12 (see "Building Commission" for additional information regarding this provision). The \$5,268,000 increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the 2011-12 restructured principal amounts. With this item, in combination with a reestimate of general fund-supported, general obligation bond debt service, summarized above, total debt service on these bonds would be estimated at \$43,066,300 in 2011-12 and \$162,296,000 in 2012-13.

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS

SEG	- \$48,197,900
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Governor: Provide decreases in funding for general transportation aids as follows:

a. *County Aid.* Decrease funding by \$329,400 in 2011-12 and \$8,160,700 in 2012-13 to provide a total of \$101,806,400 in 2011-12 and \$93,975,100 in 2012-13. Set the calendar year distribution at \$93,975,100 for calendar year 2012 and thereafter. This represents a 10% reduction from the 2011 aid level of \$104,416,800 for calendar year 2012 and thereafter.

b. *Municipal Aid.* Decrease funding by \$11,641,200 in 2011-12 and \$28,066,600 in 2012-13 to provide a total of \$312,082,000 in 2011-12 and \$295,656,600 in 2012-13. Set the calendar year distribution at \$295,656,600 for calendar year 2012 and thereafter. This represents a 10% reduction from the 2011 aid level of \$328,507,300 for calendar year 2012 and thereafter.

Establish the mileage aid rate at \$2,053 for calendar year 2012 and thereafter, which represents a 3% reduction to the 2011 rate of \$2,117 per mile. Repeal the statutory references to 2008 and 2009 calendar year aid payment and mileage aid rate amounts.

The county and municipal aid appropriation levels in the bill would fully fund the calendar year 2011 increase in county and municipal aid provided under 2009 Act 28. The appropriation decreases are associated with the proposed 10% funding reduction for aid in calendar year 2012 and thereafter.

Minimum Payments. Specify that no county or municipality may receive a decrease in its general transportation aid payment in excess of 15% of its last previous calendar year aid payment. Under current law, no county may receive a decrease in its aid payment in excess of 2%, and no municipality may receive a decrease of more than 5%, of its last previous calendar year payment.

Penalty Provisions. Specify that the aids payment for any county or municipality that fails to submit a substantially complete and accurate financial report form or fails to conduct an independent audit ordered by the Department would be equal to 85% of the general transportation aids actually paid during the previous year. Under current law, the payment to a county or municipality is equal to 90% of the aid payment made in the previous year for failure to submit the reports or to conduct a required audit. In addition, for counties or municipalities that submit a late report, specify that the aid penalty of 1% of the current year aid payment for each day late cannot reduce the payment below 85% of the prior year payment, rather than 90% as under current law.

[Bill Sections: 2268 thru 2278]

2. MASS TRANSIT OPERATING ASSISTANCE -- FUNDING LEVEL

SEG	- \$9,619,600
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Governor: Provide decreases of \$373,200 in 2011-12 and \$9,246,400 in 2012-13, as follows: (a) -\$216,400 in 2011-12 and -\$5,360,100 in 2012-13 for Tier A-1 (Milwaukee); (b) -\$56,800 in 2011-12 and -\$1,408,400 in 2012-13 for Tier A-2 (Madison); (c) -\$81,600 in 2011-12 and -\$2,020,600 in 2012-13 for Tier B transit systems; and (d) -\$18,400 in 2011-12 and -\$457,300 in 2012-13 for Tier C transit systems. Set the calendar year distribution amounts at \$61,724,900 for 2012 and thereafter for Tier A-1, \$16,219,200 for 2012 and thereafter for Tier A-2, \$23,267,200 for 2012 and thereafter for Tier B, and \$5,267,000 for 2012 and thereafter for Tier C. This represents a 10% decrease from the 2011 mass transit operating assistance funding level to each tier of mass transit systems for calendar year 2012 and thereafter. Repeal statutory references relating to aid payments for each tier of systems for calendar years 2008 and 2009.

The appropriation levels in the bill would fully fund the calendar year 2011 increase in mass transit operating assistance provided in 2009 Act 28. The appropriation decreases are associated with the proposed 10% funding reduction for aid in calendar year 2012 and thereafter.

[Bill Sections: 2246, 2248, 2252, and 2254]

3. MASS TRANSIT OPERATING ASSISTANCE -- CONVERT FUNDING TO GPR

GPR	\$106,478,300
SEG	<u>- 106,478,300</u>
Total	\$0

Governor: Provide \$106,478,300 GPR in 2012-13 and make a corresponding reduction of \$106,478,300 SEG in 2012-13 to reflect the conversion of DOT's mass transit operating assistance program funding from the transportation fund to the general fund. Effective July 1, 2012, renumber the mass transit operating assistance appropriations and specify that the appropriations would be made from the general fund. In addition, modify the references to the appropriations under DOT's urban mass transit assistance program to reflect the renumbering.

[Bill Sections: 606 thru 610, 2247, 2249 thru 2251, 2253, 2255, and 9448(5)]

4. MASS TRANSIT OPERATING ASSISTANCE -- 2013-15 BUDGET RECOMMENDATIONS REGARDING FEDERAL TRANSIT AID CHANGES

Governor: Require the Department, in submitting its 2013-15 biennial budget request, to recommend changes to the distribution percentages and funding amounts of the urban mass transit operating assistance program in response to any changes in federal funding due to the 2010 decennial census.

The Federal Transit Administration provides federal operating assistance to mass transit systems that provide service to nonurbanized areas of the state with 50,000 or less in population and to systems that provide service to urbanized areas of state with between 50,000 and 200,000 in population. Transit systems that provide service to urbanized areas over 200,000 in population are only eligible for federal capital funding. The urbanized areas served by certain state systems (Appleton and Green Bay) are expected to exceed 200,000 in population under the 2010 decennial census, and would no longer be eligible for operating assistance under current federal law. The potential change in federal operating assistance for these systems would affect the state and federal funding percentages and amounts for each system within the tier of systems (Tier B) that includes these two systems.

[Bill Section: 9148(2)]

Local Transportation Assistance

1. ELIMINATE SOUTHEAST WISCONSIN TRANSIT CAPITAL ASSISTANCE PROGRAM

BR	- \$100,000,000
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Governor: Repeal the southeast Wisconsin transit capital assistance program and delete \$100,000,000 in general fund supported bonding associated with the program. Delete references to the transit capital assistance program under the current, GPR debt service appropriation that would be used to make debt service payments on bonds issued for the program.

Under 2009 Act 28, DOT is required to develop and administer a southeast Wisconsin transit capital assistance program. Act 28 provided \$100,000,000 in general fund supported, general obligation borrowing for the program for the purpose of making transit capital improvement grants to the southeastern regional transit authority. No grants have been made under the program and the bonds have not been issued.

[Bill Sections: 622, 787, 2241, and 2727]

2. REGIONAL TRANSIT AUTHORITY REFERENDUM REQUIREMENTS

Governor: Specify that the Dane County regional transit authority (RTA), the Chequamegon Bay RTA, and the Chippewa Valley RTA may not impose the sales and use taxes authorized under current law unless a question as to whether the RTA may impose the taxes is approved at a referendum held within the RTA's jurisdictional area. In addition, specify that the southeastern RTA may not impose a vehicle rental fee within its jurisdictional area (Kenosha, Milwaukee, and Racine counties) unless the question of whether the RTA may impose these fees is approved at referendum in each of the three counties. Specify that if an RTA has already imposed sales and use taxes or a vehicle rental fee before the effective date of the bill, such taxes and fees would be suspended on the first day of the thirteenth month beginning after the effective date of the bill and would remain suspended until the referendum requirement is satisfied.

Specify that the relevant RTA board of directors, in conjunction with the appropriate local county and municipal officials, would be responsible for calling the referendum. Provide that if a referendum is held, the relevant RTA board would be required to promptly provide the Department of Revenue with the referendum results. A referendum on the imposition of sales and use taxes by an RTA would be effective on the first day of the first calendar quarter that begins 120 days after the affirmative result of the referendum.

2009 Act 28 allowed for the creation of Dane County, Chequamegon Bay, and Chippewa Valley RTAs and provided each RTA, if created, the authority to impose sales and use taxes within their jurisdictional areas at a rate not to exceed 0.5%. Act 28 specifically created the southeastern RTA and allowed it to impose up to an \$18 per transaction vehicle rental fee. To

date, no RTA has imposed sales and use taxes, and the southeastern RTA has not yet imposed a vehicle rental fee.

[Bill Sections: 1679, 1680, 1729, 1730, and 2183]

3. INTERCITY BUS ASSISTANCE PROGRAM

SEG	- \$2,457,200
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Governor: Delete \$1,228,600 annually to reflect the repeal of the state funding appropriation for the intercity bus assistance grant program and the elimination of DOT's authority to make such grants. In addition, delete the current law provision that allows the Department's local transit and transportation-related aids, local funding appropriation to be used for the intercity bus assistance program. The Department would retain the authority to contract with private providers of intercity bus service to support intercity bus service routes using federal funds under the Department's federal transit and transportation-related funds appropriation.

2009 Act 28 created an intercity bus assistance program administered by the Department and established \$1,228,600 in base level funding for the program. The program allows the Department to contract with intercity bus providers and provide grants to political subdivisions to support intercity bus service using allowable federal, state, and local appropriations.

[Bill Sections: 604, 605, and 2257 thru 2267]

4. MILWAUKEE TO CHICAGO PASSENGER RAIL SERVICE

SEG	\$4,288,300
FED	<u>3,413,600</u>
Total	\$7,701,900

Governor: Provide \$1,375,400 SEG and \$1,081,800 FED in 2011-12 and \$2,912,900 SEG and \$2,331,800 FED in 2012-13 to fund estimated costs of the state's share of Amtrak's Hiawatha service between Milwaukee and Chicago. When combined with base funding for the service, the total of Wisconsin's share of the cost is estimated at \$8,900,000 in 2011-12 and \$11,687,500 in 2012-13, which includes the cost of the state's contract with Amtrak as well as maintenance costs of new passenger car equipment. New passenger cars are expected to be put into service in 2012. Historically, Wisconsin has paid 75% of the cost of the Amtrak contract, while Illinois has paid 25%.

5. BICYCLE AND PEDESTRIAN FACILITIES PROGRAM

SEG	- \$5,000,000
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Governor: Reduce funding by \$2,500,000 annually to eliminate all base SEG funding for the bicycle and pedestrian facilities grant program. Federal base funding of \$2,720,000 for the program would be maintained in both years under the bill.

6. FREIGHT RAIL PRESERVATION PROGRAM BONDING

BR	\$60,000,000
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Governor: Provide \$60,000,000 in transportation fund-supported, general obligation bond authorization for the freight rail preservation program. The bonds authorized for this

program may be used to acquire abandoned railroad lines or make improvements on lines already owned by the state to upgrade them to modern freight rail standards. Private railroad companies operate on the state-owned lines. The bonding provided by the bill is the same amount provided in the 2009-11 biennium. Once fully issued, debt service on these bonds would be about \$4.8 million annually, although the bill does not include a specific estimate of the debt service on these bonds in the biennium.

[Bill Section: 795]

7. HARBOR ASSISTANCE PROGRAM BONDING

BR	\$12,700,000
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Governor: Provide \$12,700,000 in transportation fund-supported, general obligation bond authorization for the harbor assistance program, which is the same amount provided in the 2009-11 biennium. Once fully issued, debt service on these bonds would be about \$1.0 million annually, although the bill does not include a specific estimate of the debt service on these bonds in the biennium.

[Bill Section: 794]

State Highway Program

1. STATE HIGHWAY IMPROVEMENT PROGRAM FUNDING SUMMARY

Governor: The following tables compare total funding for state highway programs in 2010-11 with proposed funding for those programs in the 2011-13 biennium. As described in several items in this section of the summary, the highway improvement program structure would be modified under the bill, which makes it difficult to provide funding comparisons between the base year and the two years of the biennium for individual programs. Consequently, these tables provide a total for all improvement programs, to allow a comparison of the total amount of resources devoted to highway improvement projects.

Since the highway improvement program relies on both current revenues (SEG and FED) and bond proceeds to fund program activity, both tables include a column (2010-11 base plus bonding) that adds the bonding provided for each program in 2010-11 to the 2010-11 adjusted base. The tables include three types of bonding: (a) general obligation bonds with GPR debt service; (b) general obligation bonds with SEG debt service; and (c) revenue bonds. A 2009 Act 28 provision required the addition of \$102,356,100 to the 2010-11 adjusted base for the state highway rehabilitation program, which was the amount of GPR-supported bonding approved for the program in 2010-11. In order to avoid double counting this amount, the figures in the "2010-11 base plus bonding" column show this funding as bonding and do not include it in the SEG base. Following the first table, which provides detail by program, is a second table, which

breaks down the total funding for the improvement program by current revenues (SEG/FED) and bonding.

Highway Improvement Funding Under Governor's 2011-13 Budget

	2010-11 <u>Adjusted Base</u>	2010-11 Base <u>Plus Bonding</u>	<u>Governor's Budget</u>	
			<u>2011-12</u>	<u>2012-13</u>
State Highway Rehab.				
SEG	\$394,963,900	\$292,607,800*	\$270,150,900	\$394,822,800
FED	313,554,500	313,554,500	394,320,800	399,170,900
Gen. Ob. Bonds (GPR)	0	102,356,100	115,351,500	0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>30,000,000</u>	<u>32,000,000</u>	<u>18,000,000</u>
Total	\$708,518,400	\$738,518,400	\$811,823,200	\$811,993,700
SE Wis. Freeway Rehab.				
SEG	\$68,497,100	\$68,497,100	\$0	\$0
FED	109,732,200	109,732,200	0	0
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>125,125,000</u>	<u>0</u>	<u>0</u>
Total	\$178,229,300	\$303,354,300	\$0	\$0
SE Wis. Freeway Megaprojects				
SEG	\$0	\$0	\$32,946,900	\$45,747,000
FED Discretionary	0	0	95,053,100	95,053,100
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>0</u>	<u>104,000,000</u>	<u>47,200,000</u>
Total	\$0	\$0	\$232,000,000	\$188,000,100
Major Highway Development				
SEG	\$98,235,400	\$98,235,400	\$112,039,100	\$110,577,700
FED	78,693,100	78,693,100	78,263,500	78,263,500
Revenue Bonds	165,721,600	165,721,600	154,721,600	159,721,600
Gen. Ob. Bonds (SEG)	<u>0</u>	<u>25,000,000</u>	<u>27,000,000</u>	<u>23,000,000</u>
Total	\$342,650,100	\$367,650,100	\$372,024,200	\$371,562,800
Improvement Program Total	\$1,229,397,800	\$1,409,522,800	\$1,415,847,400	\$1,371,556,600

*In order to avoid double-counting, this figure excludes \$102,356,100 which was added to the base under a provision of 2009 Act 28 to replace bonding.

Highway Improvement Funding Summary

	2010-11 Base <u>Plus Bonding</u>	<u>Governor's Budget</u>		<u>Change to Base Plus Bonds Doubled</u>	
		<u>2011-12</u>	<u>2012-13</u>	<u>Amount</u>	<u>%</u>
SEG/FED	\$961,320,100	\$982,774,300	\$1,123,635,000	\$183,769,100	9.6%
Bonding	<u>448,202,700</u>	<u>433,073,100</u>	<u>247,921,600</u>	<u>-215,410,700</u>	-24.0
Total	\$1,409,522,800	\$1,415,847,400	\$1,371,556,600	-\$31,641,600	-1.1%

2. SOUTHEAST WISCONSIN FREEWAY REHABILITATION PROGRAM RESTRUCTURING

SEG	- \$136,994,200
FED	- 219,464,400
Total	- \$356,458,600

Governor: Delete \$68,497,100 SEG and \$109,732,200 FED annually from the appropriations for southeast Wisconsin freeway rehabilitation to eliminate all base funding for the program. Specify that a southeast Wisconsin freeway rehabilitation project may be funded from the current appropriations and bond authorizations provided for state highway rehabilitation projects, if the project does not meet the definition of either: (a) a southeast Wisconsin freeway megaproject (created in a separate item, summarized below); or (b) a major highway development project (a definition that is modified in a separate item, summarized below). Specify that a southeast Wisconsin freeway rehabilitation project may be funded from the appropriations and bond authorizations provided for the major highway development program if the project meets the definition of a major highway development project.

Under current law, no funds may be spent from the appropriations for the southeast Wisconsin freeway rehabilitation program after July 1, 2011. However, provisions that prohibit southeast Wisconsin freeway rehabilitation projects from being funded from the state highway rehabilitation or major highway development program appropriations are retained after that date under current law provisions. This item would allow southeast Wisconsin freeway rehabilitation projects to be funded from either of those programs' appropriations or bond authorizations, if they meet the relevant definitions for the respective programs and do not fall into the newly-created project classification for southeast Wisconsin freeway megaprojects. Specifically, under the proposed changes, any noncapacity expansion southeast Wisconsin freeway rehabilitation project that has a total estimated cost of less than \$75 million or a project that involves capacity expansion that is less than \$30 million, would be funded under the state highway rehabilitation program. Any project with an estimated cost that is above those thresholds, but below \$500 million (the megaproject threshold), would be funded under the major highway development program.

Modify a provision that requires DOT to maintain an inventory of completed project designs in each of the highway improvement programs to eliminate the requirement with respect to the southeast Wisconsin freeway rehabilitation program.

Separate items in the bill would provide funding increases and bonding authorization for the state highway rehabilitation, major highway development, and southeast Wisconsin freeway megaprojects programs, although, in total, those increases would not fully allocate the funding reductions in this item.

[Bill Sections: 614 thru 620, 788, 789, 2201, 2207, 2208, 2217, and 2218]

3. STATE HIGHWAY REHABILITATION FUNDING

SEG	- \$123,390,300
FED	175,908,300
BR	165,351,500
Total	\$217,869,500

Governor: Adjust the funding for the state highway rehabilitation program as follows: (a) provide \$85,529,100 FED in 2011-12 and \$90,379,200 FED in 2012-13; (b) reduce funding by \$8,679,600

SEG in 2011-12 and provide an increase of \$640,800 SEG in 2012-13; (c) reduce the SEG appropriation by \$115,351,500 in 2011-12 and authorize an equal amount of general fund-supported, general obligation bonds to replace the SEG funds; and (d) authorize \$50,000,000 in transportation fund-supported, general obligation bonds for state highway rehabilitation projects (\$10,000,000 less than the amount provided in the 2009-11 biennium). The Department indicates that the transportation fund-supported, general obligation bonds would be allocated between both years of the biennium, with \$32,000,000 used in 2011-12 and \$18,000,000 used in 2012-13. The bill does not reflect specific debt service estimates that would be paid in the biennium for the bonds authorized for the program. However, when fully issued, it is estimated that annual debt service would be about \$12.8 million for the general fund-supported bonds, and about \$4.0 million for the transportation fund-supported bonds.

In addition to this item, the total funding for the state highway rehabilitation program would be affected by the following other items: (a) standard budget adjustments (\$999,100 SEG annually); (b) reductions to reflect increases in the employee contributions for pension and health insurance costs (-\$1,182,900 SEG and -\$3,057,800 FED annually); and (c) reductions to reflect the elimination of certain vacant positions (-\$598,100 SEG and -\$1,705,000 FED annually). Total funding for the program would be \$811,823,200 in 2011-12 and \$811,993,700 in 2012-13.

Making comparisons between the base year funding and the amounts that would be provided under the bill is difficult for various reasons. Notably, program responsibilities would be modified by other items in the bill. Certain southeast Wisconsin freeway rehabilitation projects would be funded under the state highway rehabilitation program, instead of under the southeast Wisconsin freeway rehabilitation program, and, conversely, certain large state highway rehabilitation projects would become the responsibility of the major highway development program. The table at the beginning of this section provides a comparison of the current and proposed funding for all highway improvement programs, individually and in total.

[Bill Sections: 791 and 793]

4. MAJOR HIGHWAY DEVELOPMENT FUNDING

Governor: Provide \$14,538,600 SEG in 2011-12 and \$13,077,200 SEG in 2012-13, and reduce funding by \$11,000,000 SEG-S in 2011-12 and \$6,000,000 in 2012-13 for the major highway development program. Authorize \$50,000,000 in transportation fund-supported, general obligation bonds for the program, which the Department indicates would be allocated between both years of the biennium, with \$27,000,000 used in 2011-12 and \$23,000,000 used in 2012-13. The \$50,000,000 in general obligation bonds is the same amount that was provided for the program in the 2009-11 biennium. The bill does not reflect specific debt service estimates that would be paid in the biennium for the general obligation bonds authorized for the program. However, when fully issued, it is estimated that annual debt service would be about \$4.0 million.

SEG	\$27,615,800
SEG-S	- 17,000,000
BR	<u>50,000,000</u>
Total	\$60,615,800

In addition to this item, the total funding for the major highway development program would be affected by the following other items: (a) standard budget adjustments (\$30,100 SEG annually); (b) reductions to reflect increases in the employee contributions for pension and health

insurance costs (-\$508,000 SEG and -\$275,800 FED annually); and (c) reductions to reflect the elimination of certain vacant positions (-\$257,000 SEG and -\$153,800 FED annually). Total funding for the program would be \$372,024,200 in 2011-12 and \$371,562,800 in 2012-13.

In addition to the funding changes in this item, program responsibilities would be modified, making it difficult to make a true comparison between base year funding for the program and the funding provided in the bill. The table at the beginning of this section provides a comparison of the current and proposed funding for all highway improvement programs, individually and in total.

[Bill Section: 792]

5. MAJOR HIGHWAY DEVELOPMENT PROJECT ENUMERATION

Governor: Enumerate four major highway development projects in the statutes, as shown in the table below. The cost estimates shown for each project are from information provided by the Department to the Transportation Projects Commission in 2010. Major highway development projects must be enumerated in the statutes prior to construction.

<u>Highway</u>	<u>Segment</u>	<u>Length (In Miles)</u>	<u>Counties</u>	<u>Estimated Cost in 2010 Dollars (In Millions)</u>
I-90/39	Ill. State Line to USH 12/18	45	Dane & Rock	\$715
USH 10/STH 441	Winnebago CTH CB to Oneida St.	5	Calumet & Winnebago	390
STH 15	STH 76 to USH 45	11	Outagamie	125
STH 38	Racine CTH K to Oakwood Rd.	9	Milwaukee & Racine	<u>125</u>
TOTAL				\$1,355

[Bill Sections: 2211 thru 2214]

6. MAJOR HIGHWAY DEVELOPMENT PROJECT DEFINITION

Governor: Modify the definition of a major highway development project to: (a) include any project that has a total cost of more than \$75,000,000, whether or not the project involves highway capacity expansion, except for southeast Wisconsin freeway rehabilitation projects with a total cost exceeding \$500,000,000 (the cost threshold for southeast Wisconsin freeway megaprojects under the bill); and (b) increase the cost threshold for capacity expansion projects from \$5,000,000 to \$30,000,000. [The current law thresholds for what is considered "capacity expansion" would not be changed (adding one or more lanes five miles or more in length, relocating 2.5 miles or more of existing highway, constructing a new highway of 2.5 miles or more in length, or the improvement of 10 miles or more of an existing divided highway to freeway standards).]

Require the Department to annually adjust the project definition cost thresholds (\$75

million and \$30 million) to reflect the annual change in the Department's transportation price index, yearly moving average, or, if at any time the Department no longer maintains that index, another suitable index as determined by the Department. Require the Department to compute and publish the adjustment prior to October 1 of each year, beginning in 2012, and specify that the adjusted amount shall become effective on October 1. Specify that the Department may not adjust the cost thresholds to an amount less than \$75,000,000 or \$30,000,000, respectively. Specify that the adjustment of these amounts does not constitute an administrative rule.

Establish an alternate Transportation Projects Commission (TPC) review and approval procedure, in lieu of the current procedure, for highway projects that meet the definition of a major highway development project because they exceed the \$75,000,000 cost threshold. Require the Department, under this procedure, to submit a report to the TPC, prior to the construction of such a project, that requests the TPC's approval to proceed with the project. Specify that if the chairperson of the TPC (the Governor) does not notify the Department, within 14 working days after the request is submitted, that the TPC has scheduled a meeting to review the request, the request is considered approved and the Department may proceed with the project. Specify that if the chairperson notifies the Department, within 14 working days, that the TPC has scheduled a meeting for the purpose of reviewing the request, the Department may implement the request only as approved by the TPC, including any modification made by the TPC.

Specify that the Department may not proceed with construction of any major highway development project meeting the \$75,000,000 cost threshold until the TPC approves the Department's request, but that once approved, the project does not need to be individually enumerated in the statutes for the Department to proceed with construction. Specify that the Department's report to the TPC containing such a request may be submitted at any time following the completion of a draft environmental impact statement or environmental assessment.

Specify that major highway development projects that meet the \$75,000,000 cost threshold are exempt from the TPC review and approval procedures and individual enumeration requirement established for other major highway development projects, including: (a) the requirement that the TPC must approve the project for the preparation of an environmental impact statement or environmental assessment; (b) the requirement that the project, to be recommended for construction, must be able to be started within six years under the current budget for the program; and (c) the requirement that the project be given a numerical score on various criteria for the purposes of consideration by the TPC.

Modify a provision that permits the Department to engage in preliminary engineering and design work on a possible major highway development project prior to enumeration (but no construction or, unless approved by the TPC, no work on an environmental impact statement or environmental assessment), to allow DOT to perform any engineering or design work (eliminate the word "preliminary"). Potential projects that are below the \$75,000,000 threshold would still be subject to the provision that requires the TPC to approve the preparation of an environmental impact statement or environmental assessment before the Department can proceed with such preparation.

Specify that these changes would first apply to highway projects for which preliminary engineering and design work commences after the general effective date of the bill, except for the provision that allows the Department to proceed with any engineering (as opposed to preliminary engineering) on a potential project prior to enumeration, which would apply to any project on the effective date of the bill.

As drafted, the modifications to the Transportation Projects Commission procedures with respect to projects that exceed the \$75,000,000 threshold, including the passive review procedure, and the exemption from other Commission review requirements, would apply to any project that exceeds that threshold. This includes capacity expansion projects that would meet the current law definition of a major highway development project. However, the Department of Administration indicates that the intent of the provision was to establish these alternate procedures only for costly rehabilitation projects that would not otherwise be classified as a major highway development project, since they do not exceed the capacity expansion thresholds.

[Bill Sections: 59 thru 61, 2202 thru 2206, 2209, 2210, 2215, 2237, 2726, and 9348(6)]

7. SOUTHEAST WISCONSIN FREEWAY MEGAPROJECTS PROGRAM

Governor: Create a new category of highway improvement project, termed a "southeast Wisconsin freeway megaproject," defined as any project on a southeast Wisconsin freeway having a total cost of more than \$500 million. Create new SEG, FED, and SEG-L continuing appropriations for southeast Wisconsin freeway megaprojects and specify that any megaproject may be funded only from these appropriations or from the existing bond authorization for the Marquette Interchange and I-94 North-South freeway projects. Prohibit the Department from encumbering or expending any moneys for construction of a megaproject unless the project is enumerated in the statutes. Enumerate the I-94 North-South freeway project and Zoo Interchange project, as those projects are defined in current law. Modify the existing bonding authorization for the Marquette Interchange and I-94 North-South freeway projects to specify that these bonds may be used for the Zoo Interchange project or any southeast Wisconsin freeway megaproject.

Require the Department to annually adjust the \$500 million megaproject cost threshold to reflect the annual change in the Department's transportation price index, yearly moving average, or, if at any time the Department no longer maintains that index, another suitable index as determined by the Department. Require the Department to compute and publish the adjustment prior to October 1 of each year, beginning in 2012, and specify that the adjusted amount shall become effective on October 1. Specify that the Department may not adjust the cost thresholds to an amount less than \$500 million. Specify that the adjustment of these amounts does not constitute an administrative rule.

Exclude megaprojects from the definition of a major highway development project and specify that a megaproject is not considered a southeast Wisconsin freeway project for the purposes of determining funding eligibility under that program. Modify the statutory language for the major highway development and state highway rehabilitation appropriations to specify that these appropriations may not be used for funding southeast Wisconsin freeway

megaprojects.

[Bill Sections: 611 thru 620, 623, 788 thru 790, 2202, 2218, 2219, 2234, and 2726]

8. I-94 NORTH-SOUTH FREEWAY PROJECT

SEG	\$29,747,000
FED	95,053,100
BR	<u>70,200,000</u>
Total	\$195,000,100

Governor: Provide \$10,710,200 SEG and \$71,289,800 FED in 2011-12 and \$19,036,800 SEG and \$23,763,300 FED in 2012-13 in the new southeast Wisconsin freeway megaprojects appropriations for the I-94 North-South freeway project and authorize \$70,200,000 in transportation fund-supported, general obligation bonds for that project. The North-South freeway project extends from the vicinity of the Mitchell Interchange (I-894/94/43) in Milwaukee County to the Illinois state line. Construction on the project began in 2008-09.

Of the bonds authorized for the project, the Department indicates that \$70,000,000 would be used in 2011-12 and \$200,000 would be used in 2012-13, which would result in total funding for the project of \$152,000,000 in 2011-12 and \$43,000,100 in 2012-13. The bonds shown in this item reflect the amount that the Department indicates would be allocated to the project from a total authorization of \$151,200,000 for southeast Wisconsin freeway megaprojects, with the remainder being allocated for the Zoo Interchange reconstruction project. The bill does not reflect specific debt service estimates that would be paid in the biennium for the bonds authorized for the project. However, when fully issued, it is estimated that annual debt service would be about \$5.6 million.

The following table shows the proposed funding allocation between the two years of the biennium for the project.

<u>Fund Source</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Biennial Total</u>
FED	\$71,289,800	\$23,763,300	\$95,053,100
SEG	10,710,200	19,036,800	29,747,000
Bonds	<u>70,000,000</u>	<u>200,000</u>	<u>70,200,000</u>
Total	\$152,000,000	\$43,000,100	\$195,000,100

The funding provided by the bill for the I-94 North-South freeway represents a modification to the previous expenditure plan for the project. The Department indicates that the funding provided by the bill would be used to reconstruct selected interchanges and frontage roads, and complete work on selected segments of the mainline freeway in Kenosha County. In the following two biennia, work would continue on other interchanges, but remaining work to complete the mainline freeway would be delayed. Whereas the Department's plan had previously been to complete all interchanges and the entire mainline in 2016, the revised plan would delay work on most segments of the mainline freeway until 2018 and thereafter.

[Bill Section: 790]

9. ZOO INTERCHANGE RECONSTRUCTION PROJECT

Governor: Provide \$22,236,700 SEG and \$23,763,300 FED in 2011-12 and \$26,710,200 SEG and \$71,289,800 FED in 2012-13 in the new southeast Wisconsin freeway megaprojects appropriations for the Zoo Interchange reconstruction project and authorize \$81,000,000 in transportation fund-supported, general obligation bonds for that project. The Zoo Interchange is the intersection of I-94, I-894, and USH 45 in western Milwaukee County.

SEG	\$48,946,900
FED	95,053,100
BR	<u>81,000,000</u>
Total	\$225,000,000

Of the bonds authorized for the project, the Department indicates that \$34,000,000 would be used in 2011-12 and \$47,000,000 would be used in 2012-13, which would result in total funding for the project of \$80,000,000 in 2011-12 and \$145,000,000 in 2012-13. The bonds shown in this item reflect the amount that the Department indicates would be allocated to the project from a total authorization of \$151,200,000 for southeast Wisconsin freeway megaprojects, with the remainder being allocated for the I-94 North-South freeway project. The bill does not reflect specific debt service estimates that would be paid in the biennium for the bonds authorized for the project. However, when fully issued, it is estimated that annual debt service would be about \$6.5 million.

The following table shows the proposed funding allocation between the two years of the biennium for the project.

<u>Fund Source</u>	<u>2011-12</u>	<u>2012-13</u>	<u>Biennial Total</u>
FED	\$23,763,300	\$71,289,800	\$95,053,100
SEG	22,236,700	26,710,200	48,946,900
Bonds	<u>34,000,000</u>	<u>47,000,000</u>	<u>81,000,000</u>
Total	\$80,000,000	\$145,000,000	\$225,000,000

The Department indicates that the funding would be used for preliminary engineering, final design, real estate acquisition, utility relocation, and for the initial construction on adjacent highways, including STH 100.

[Bill Section: 790]

10. MAJOR INTERSTATE (BOUNDARY) BRIDGE PROJECTS

Governor: Eliminate a current law restriction on the use of bonds authorized for major interstate bridge projects that specifies that such bonds may only be issued if the state receives at least \$75,000,000 in federal funds that are designated by the federal government specifically for a major interstate bridge project. Major interstate bridge projects are defined as the construction or reconstruction of a bridge on the state trunk highway system, including approaches, that crosses a river forming a boundary of the state and for which the state's estimated cost share is at least \$100,000,000. Under current law, \$225,000,000 in bonds are authorized for such a project. With the proposed modification, the Department could issue up to \$225,000,000 in bonds for such projects without meeting the federal grant precondition. The proposed Stillwater bridge

project, in St. Croix County, is the only project currently under development that meets the definition of a major interstate bridge project.

[Bill Sections: 2220 and 2221]

11. STATE HIGHWAY MAINTENANCE FUNDING

SEG	\$11,747,800
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Governor: Provide \$3,923,300 in 2011-12 and \$7,824,500 in 2012-13 for the state highway maintenance and traffic operations program, which would be an increase of 2.0% annually. Total program funding would also be affected by the following other items: (a) standard budget adjustments (\$822,200 annually); (b) reductions to reflect increases in the employee contributions for pension and health insurance costs (-\$903,000 annually); and (c) reductions to reflect the elimination of certain vacant positions (-\$456,700 annually). Total funding for the program would be \$198,446,700 in 2011-12 and \$202,347,900 in 2012-13. Base amounts for the program's FED appropriation (\$1,102,900) and a SEG appropriation for the operation of state-owned lift bridges (\$2,210,100) would not be changed by the bill.

Motor Vehicles

1. FUNDING AND POSITION REDUCTIONS

	Funding	Positions
SEG	- \$8,764,700	- 30.67

Governor: Reduce funding by \$6,299,800 in 2011-12 and \$2,464,900 in 2012-13, and delete 5.67 positions in 2011-12 and 30.67 positions in 2012-13 for the Division of Motor Vehicles. Of these funding and position reductions, a portion would be associated with specific process changes that the Department intends to implement to yield savings, while other reductions reflect decreases in available personnel or supplies and services purchases, without an offsetting reduction in workload. The following initiatives are in the first category: (a) several initiatives to increase process automation, for a savings of \$351,300 and 5.67 positions annually; (b) an initiative to use postcards, rather than inserts in envelopes, for driver's license and identification card renewal notices, for a savings of \$63,800 in 2011-12 and \$85,000 in 2012-13; and (c) a decision to reduce mailings made under the safety responsibility program, for a savings of \$24,500 annually. The personnel and supplies and services reductions include: (a) holding positions vacant and eliminating positions at the end of the biennium, a reduction of \$2,912,700 in 2011-12 and \$1,549,300 and 25.00 positions in 2012-13; (b) a reduction of \$1,655,200 in 2011-12 and \$100,000 in 2012-13 in supplies and services expenditures; (c) a reduction of \$731,000 in 2011-12 for various vendor contract purchases; (d) a reduction of \$104,800 in 2011-12 in overtime expenditures; and (e) a reduction of \$101,700 in 2011-12 in the LTE budget. Finally, this item reflects a reduction of \$354,800 annually in a separate appropriation for the vehicle emissions inspection program, to reflect an anticipated decrease in the amount for the state's contract with

the program vendor. The position and funding reductions under this item are in addition to a separate item that would eliminate other vacant positions in various Department divisions. Under that item, which is summarized under "Transportation--Departmentwide," the positions in the Division of Motor Vehicles would be reduced by 35.92 annually, for an annual savings of \$1,899,700.

**2. FEDERAL REAL ID ACT IMPLEMENTATION;
ISSUANCE OF NONCOMPLIANT LICENSES AND
IDENTIFICATION CARDS**

SEG	\$4,526,000
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Governor: Provide \$2,370,000 in 2011-12 and \$2,156,000 in 2012-13 for costs associated with implementing the federal Real ID Act, as it applies to the issuance of driver's licenses and identification cards. Of this amount, \$1,386,000 annually would be for higher costs associated with the security features included on the cards, another \$534,000 in 2011-12 and \$570,000 in 2012-13 would be for higher postage costs for mailing cards from a central location, rather than issuing cards over the counter at the time of application, and \$450,000 in 2011-12 and \$200,000 in 2012-13 would be for public outreach related to the new documentation requirements. The Department indicates that its intention is to begin partial implementation of Real ID Act requirements in May, 2011, and the funding provided by the bill would be for additional costs incurred in the 2011-13 biennium as other requirements are met.

Authorize the Department to process an application for, and issue or renew, a driver's license or identification card without meeting certain document processing and verification procedures (described below) provided that: (a) the license or card is marked, in accordance with the federal Real ID Act, in a manner that clearly states that it may not be used by any federal agency for federal identification, and uses a unique design and color to distinguish it as such; and (b) the license or card is processed and issued or renewed in compliance with applicable Department practices and procedures in effect prior to the date that the Department implements application procedures in concurrence with the federal Real ID Act. The document processing and verification procedures that would be exempted under this provision were adopted in state law in 2007 Act 20 to comply with the federal Real ID Act, but do not become effective until the Department posts a notice in the Wisconsin Administrative Register indicating that the Department is ready to implement the provisions. The federal Real ID Act permits states to issue driver's licenses and identification cards that do not comply with the Act's issuance standards, provided that they are given a distinct appearance. The Real ID Act requirements that would be waived are: (a) a requirement that the Department make a digital copy of each document presented in the course of the application; and (b) a requirement that the Department verify the authenticity of all documents according to federal standards and record the date of verification in the person's driver record. Although the Department would not have to follow the Real ID document processing and verification procedures, the applicant for either a compliant or noncompliant driver's license or identification card would be required to submit the same documentation, which includes: (a) an identification document that includes either the applicant's photograph, or both the applicant's full legal name and date of birth; (b) documentation showing the applicant's date of birth; (c) proof of the applicant's social security number or verification that the applicant is not eligible for a social security number; (d) documentation showing the

applicant's name and address of principal residence; and (e) documentation proving that the applicant is a U.S. citizen or is legally present in the United States. Specify that these provisions take effect on July 1, 2011, or on the date of the implementation of the state's Real ID Act procedures, as published by the Department in a notice in the Administrative Register, whichever is later.

Authorize the Department, effective with the implementation of the Real ID Act provisions, to process an application for a non-Real ID Act-compliant driver's license without taking a photograph of the applicant and issue a license to the applicant without a photograph if the applicant provides an affidavit that: (a) states that he or she has a sincerely held religious belief against being photographed; (b) identifies the religion to which he or she belongs or the tenets of which he or she adheres to; and (c) states that the tenets of the religion prohibit him or her from being photographed. Authorize the Department, effective on the general effective date of the bill, to process an application for a non-Real ID Act-compliant identification card without taking a photograph of the applicant and issue an identification card without a photograph if the applicant provides such an affidavit. Under current law, the Department, by administrative rule, provides for a driver's license to be issued without a photograph for religious reasons, but does not provide such an exception for the issuance of an identification card.

Increase the expiration period for a temporary driving receipt (issued to a person upon application for a license to be used while the application is being processed) from not more than 30 days to not more than 60 days, effective on the general effective date of the bill. Authorize the Department, also on the general effective date of the bill, to issue a receipt to any applicant for an identification card that would constitute a temporary identification card while the application is being processed, valid for a period not to exceed 60 days (such a provision is in current law, but will not become effective until the Real ID Act implementation date). Provide that a temporary driving receipt issued for a non-Real ID Act-compliant driver's license or identification card must comply with the design and marking standards established for such licenses and cards. Delete a provision that specifies that a temporary driving receipt issued to a person who applies for a driver's license after previously being licensed in another state may not authorize the operation of commercial motor vehicles. Modify provisions related to certain temporary licenses, to require a photograph for occupational licenses and for temporary receipts issued while a driver's license application is being processed.

[Bill Sections: 3144, 3145, 3147 thru 3164, 3172 thru 3180, and 9448(2)&(4)]

3. ELIMINATE LICENSE PLATE STICKERS

SEG	- \$798,000
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Governor: Reduce funding by \$266,000 in 2011-12 and \$532,000 in 2012-13 to reflect savings associated with eliminating requirements, as summarized below, for the issuance and display of license plate stickers indicating the period of registration and expiration date, and for certain vehicles, the weight class of the vehicle, or other specific identifiers.

Eliminate the requirement that license plates display the period for which the specific plate

is issued or the date of expiration of the registration, and the requirement that plates issued for certain vehicles registered on the basis of gross weight display the weight class into which the vehicle falls (the weight class would continue to be shown on the certificate of registration). Eliminate a specific requirement, with respect to the registration of automobiles, that the license plate display both a three-letter abbreviation for the month of registration and the year of registration. Eliminate a provision that permits the Department to issue a sticker as evidence of registration upon renewal in lieu of issuing a new plate, and instead specify that the Department is not required to issue a new plate upon registration renewal. Eliminate a requirement that vehicles registered specifically for use by persons issued a special restricted driver's license be issued a license plate with a tag, decal, or other identification indicating the restricted nature of the allowable operation and specify, instead, that such restrictions be indicated on the certificate of registration for the vehicle.

Modify the definition of "unregistered motor vehicle" in provisions related to the removal of such vehicles by law enforcement officers to eliminate references to "valid registration plates" and "evidence of registration" and, instead, specify that an unregistered vehicle is one which does not have a registration plate for which the Department's vehicle registration records indicate valid registration. Modify various other statutory provisions to eliminate references to license plate stickers and decals.

Specify that these provisions would take effect on the first day of the seventh month beginning after the general effective date of the bill and would first apply to applications for registration or registration renewal received on that day.

[Bill Sections: 3089 thru 3097, 3103 thru 3105, 3110, 3113 thru 3121, 3127, 3493, 9348(4), and 9448(3)]

4. COMMERCIAL DRIVER'S LICENSE SYSTEM MODIFICATIONS TO COMPLY WITH FEDERAL REQUIREMENTS

SEG	\$1,172,600
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Governor: Provide \$1,172,600 in 2011-12 for costs of updating commercial driver's license practices to conform to federal requirements with respect to medical certifications for drivers who operate in interstate commerce. Authorize the Department to downgrade the commercial driver's license, for any person who does not have a current medical certification covering the driver's physical qualifications, to restrict the licensee to operating a commercial motor vehicle only in intrastate commerce. Require the Department to promulgate an administrative rule to: (a) define the term "downgrade" in accordance with federal law and regulations or guidance from the applicable federal agency; (b) establish a process for downgrading a commercial driver's license, including specifying whether or not a new commercial driver's license document would be issued after a downgrade; and (c) establish the process for reinstating a downgraded commercial driver's license after the Department receives a valid medical certification or other appropriate certification of physical qualifications.

New federal medical certification requirements will go into effect on January 30, 2012, related to medical certificates for commercial motor vehicle drivers. Currently, although federal

regulations require a driver to receive a medical certificate every two years to operate a commercial motor vehicle in interstate commerce, the state licensing agency is not required to monitor compliance with this requirement on an ongoing basis or take licensing action against a driver who does not maintain such certification. In Wisconsin, the Department of Transportation only checks for a valid medical certificate upon initial license application and upon license renewal, every eight years, and records only whether or not a valid certification was provided. The federal changes will require the Department to solicit information on medical certifications on a two-year cycle and provide notification to the national commercial driver's license information system as to the certification status of all drivers operating in interstate commerce. Furthermore, instead of recording only whether the driver has a valid medical certificate or not, the Department will have to record more information on medical certification, such as the medical examiner's name, date of physical examination, and any medical restrictions. The funding provided by this item would be used to implement these process changes, including the data processing upgrades necessary to: (a) provide notification to drivers of the pending expiration of medical certification on a two-year cycle; (b) provide for a license downgrading process resulting from the expiration of a medical certification; (c) create a process for notifying employers of commercial motor vehicle drivers of changes in the medical certification status of their employees; and (d) create a process for maintaining the required detailed information on medical certification for each driver with the national commercial driver's license information system.

[Bill Section: 3146]

5. ONLINE RENEWAL OF IDENTIFICATION CARDS; ELECTRONIC NOTICE OF RENEWAL REQUIREMENTS

	Funding	Positions
SEG	- \$123,900	- 2.00

Governor: Permit the Department to renew an identification card by mail or by any electronic means available to the Department, provided that the Department does not make consecutive renewals by mail or electronic means. Authorize the Department to provide notice of an expiring driver's license, hazardous materials transportation endorsement, or identification card by electronic means, if desired by the holder of the license, endorsement, or card, instead of by mail, as required by current law. Reduce funding by \$123,900 and delete 2.0 positions in 2012-13 for the Division of Motor Vehicles to reflect anticipated savings associated with these provisions.

[Bill Sections: 3165 thru 3167, 3177, 3178, 3181, 3182, and 9448(2)]

6. CLASS D SKILLS TEST FEE

	Funding	Positions
SEG	- \$49,400	- 0.40

Governor: Reduce the number of tests that a person who pays the first \$15 fee for a Class D (regular automobile) driver's license skills test is entitled to take from three to two, and for each subsequent \$15 fee from three to one, first applying to skills test fees paid on the general effective date of the bill. Under this modification, a person who fails two tests must pay another \$15 fee each time the

person takes the test again, whereas a person may fail three tests before having to pay an additional fee under current law, with each subsequent fee also paying for three tests. Reduce funding by \$24,700 and delete 0.4 positions annually to reflect anticipated savings resulting from this change.

[Bill Sections: 3168, 3169, and 9348(3)]

7. ELECTRONIC BUSINESS TRANSACTIONS

	Positions
SEG	- 13.00

Governor: Transfer \$500,000 SEG annually from the permanent salary line in the appropriation for the Division of Motor Vehicle to the supplies and services line to provide funding for the implementation of various process changes designed to increase electronic processing of certain transactions. Eliminate 13.00 positions in 2012-13 to reflect workload reductions associated with implementing these process changes. Modify statutory provisions, as follows, to facilitate the adoption of electronic business transactions.

Conducting Business in an Electronic Format. Authorize the Department to establish procedures for conducting any transaction in an electronic format or using an electronic process, and specify that any form prescribed by the Department may be prescribed in an automated format to facilitate electronic processes. Permit the Department to promulgate rules requiring a person to pay a fee, in addition to any other fee that may be imposed by the Department, for conducting an in-person, telephone, or paper transaction in lieu of using an electronic filing or submission option when the Department has made such an option available. Specify that the rules may provide for exemptions from the additional fee for designated categories of persons or transactions.

Accepting Electronic Payment of Fees. Permit DOT to accept payment by credit card, debit card, or any other electronic payment mechanism of any fee that is required to be paid to the Department, instead of, under current law, any fee contained in the statutory chapters related to motor vehicles and driver licensing. Under current law, the Department may charge a convenience fee for any payment made by credit card, debit card, or other electronic means, to cover credit card charges or other costs associated with offering electronic payment options. This authority would apply to any new electronic payment method created as a result of this provision.

Vehicle Titles Delivered to Holder of Security Interest. Require the Department to deliver the certificate of title for a vehicle for which there is a perfected security interest to the secured party having the primary perfected security interest in the vehicle, instead of, under current law, to the owner of the vehicle. Modify various statutory provisions related to title transactions to reflect that a vehicle owner may not be the holder of a vehicle title. Specify that these provisions first apply to title applications submitted on January 1, 2012, although authorize the Department to issue and deliver certificates of title, for six months after that date, under the laws in effect prior to that date.

Security Interest Transactions. Modify a current law provision that requires the

Department to deliver memoranda to a secured party evidencing the notation of a new security interest on a vehicle title, to specify that this requirement only applies in cases where the secured party is exempt from a current law requirement that security interest statements be electronically processed.

Renewal of Registration Plates for Certain Vehicles. Authorize the Department to renew registration plates issued to motor vehicle dealers, distributors, manufacturers, transporters, or financial institutions without issuing new plates or insert tags, decals, or other evidence of registration. Eliminate a requirement that a registration plate issued to these entities must indicate the date of expiration.

[Bill Sections: 2242 thru 2245, 2720, 2721, 2724, 3096, 3109, 3111, 3112, 3128 thru 3130, 3134 thru 3143, 3188, 9148(1), 9348(2), and 9448(1)]

8. MOTOR CARRIER SAFETY PROGRAM

SEG	\$96,800
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Governor: Provide \$96,800 in 2011-12 for data processing changes necessary to allow the state to fully implement the commercial motor carrier performance and registration information system management (PRISM) program, which is a federal and state initiative to monitor the safety performance of motor carrier firms. Modify statutory provisions, as described below, to allow the state to implement elements of the PRISM program.

Require the Department to suspend the vehicle registration for any commercial motor vehicle registered under the International Registration Plan (IRP) for interstate operation, or refuse to register such a vehicle, if the vehicle has been identified by the federal Motor Carrier Safety Administration (MCSA) as having been assigned for safety to a motor carrier whose business is operated, managed, or otherwise controlled or affiliated with a person who has been issued a federal out-of-service order for unsatisfactory safety compliance, in accordance with federal regulations for such orders. Require the Department, likewise, to suspend the registration of, or refuse to register, any such vehicle for which the registration application identifies a motor carrier as the motor carrier responsible for the safety of the vehicle, upon receiving notice (or having received notice, in the case of registration refusal) that the motor carrier has been issued a federal out-of-service order for unsatisfactory safety compliance.

Authorize the Department to suspend the vehicle registration of a motor vehicle registered under the IRP, or refuse to register such a vehicle, if the Department determines that the motor carrier identified on the vehicle's registration application as the motor carrier responsible for safety of the vehicle is the same or substantially the same business as a motor carrier that has been issued a federal out-of-service order for unsatisfactory safety compliance, or that elements of the motor carrier operation are the same business elements, or substantially the same. Authorize the Department to seize and destroy the registration plates of any motor vehicle that is registered under the IRP and for which the registration application identifies a motor carrier that has been issued an out-of-service order for unsatisfactory safety compliance as the motor carrier responsible for safety of the vehicle. Prohibit the Department from issuing a 72-hour operation permit to any motor vehicle for which the permit application identifies a motor carrier that has

been issued a federal out-of-service order for unsatisfactory safety compliance as the motor carrier responsible for the safety of the vehicle.

Specify that a vehicle that the Department has refused to register under the IRP or has suspended the IRP registration under these provisions, may be registered under any other applicable provision (for instance, intrastate operations), subject to all applicable requirements and fees. Specify that a person whose registration has been suspended under these provisions is not entitled to any credit for any registration fee previously paid, but that if the motor vehicle's registration under the IRP is reinstated after the registration period has expired, the person is entitled, upon renewal of the IRP registration, to a credit for the registration fee paid for a non-IRP registration, calculated based upon the unused portion of that registration.

Modify the definition of an operating a commercial motor vehicle while subject to an out-of-service order violation to include operating a commercial motor vehicle for which the responsible motor carrier has been issued a federal out-of-service order for unsatisfactory safety performance.

Specify that these provisions first apply to notices of out-of-service orders or permit or registration applications received by the Department on the general effective date of the bill. Specify that the change to the definition of operating while subject to an out-of-service order first applies to offenses committed on the general effective date, but does not preclude the counting of other violations as prior violations for the purpose of administrative action by the Department or for sentencing by a court.

[Bill Sections: 3086 thru 3088, 3107, 3108, 3122 thru 3126, 3170, 3171, and 9348(1)]

State Patrol

1. STATE PATROL FUNDING REDUCTIONS

SEG	- \$5,439,700
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Governor: Reduce funding by \$3,637,800 in 2011-12 and \$1,801,900 in 2012-13 for the Division of State Patrol. The Department indicates that these funding reductions would be absorbed through maintaining vacancies and, where possible, patrolling within construction zones as part of regular shifts, rather than using overtime.

2. STATE PATROL DISPATCH EQUIPMENT UPGRADE

SEG	\$641,800
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Governor: Provide \$320,900 annually to upgrade State Patrol dispatch communications equipment. The funding would be used to make the first two annual payments, including interest, on a seven-year, master lease purchase, totaling \$1,812,400. This initiative would complete the third phase of the replacement of communications equipment to

comply with Federal Communication Commission mandates to utilize narrowband digital equipment. The first two phases, for which funding was provided in the previous two biennia, upgraded mobile radio and tower equipment.

Departmentwide

1. STANDARD BUDGET ADJUSTMENTS

Governor: Provide adjustments to the base budget for:

(a) turnover reduction (-\$3,766,100 SEG and -\$49,700 FED annually); (b) removal of noncontinuing elements (-\$678,000 SEG annually and -\$22,600 FED and -1.0 FED position in 2011-12 and -\$121,800 FED and -21.0 FED positions in 2012-13); (c)

full funding of continuing position salaries and fringe benefits (\$16,083,100 SEG, \$1,408,400 FED, \$11,400 SEG-S, and -\$37,600 PR annually); (d) overtime (\$2,876,500 SEG, \$121,500 FED, \$14,700 SEG-S, and \$173,500 PR annually); (e) night and weekend salary differential (\$267,500 SEG, \$5,400 FED, and \$300 SEG-S annually); and (f) full funding of lease costs and directed moves (\$1,103,700 SEG annually). This summary item excludes the elimination of base funding for the southeast Wisconsin freeway rehabilitation program, which is classified as removal of noncontinuing elements (-\$68,497,100 SEG and -\$109,732,200 FED annually), since these changes are summarized above (under "Transportation -- State Highway Program") in an item related to the restructuring of the southeast Wisconsin freeway rehabilitation program.

	Funding	Positions
SEG	\$31,773,400	0.00
FED	2,826,800	- 21.00
SEG-S	52,800	0.00
PR	<u>271,800</u>	<u>0.00</u>
Total	\$34,924,800	- 21.00

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

Governor: Delete \$13,140,600 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The reductions would include \$8,901,000 SEG, \$4,131,800 FED, \$29,600 SEG-S, and \$78,200 PR. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance cost reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

SEG	- \$17,802,000
FED	- 8,263,600
SEG-S	- 59,200
PR	<u>- 156,400</u>
Total	- \$26,281,200

3. ELIMINATE LONG-TERM VACANCIES

Governor: Delete \$8,910,900 (all funds) and 141.89 positions annually to reflect the elimination of long-term vacant positions under the bill. The reductions would include \$6,334,000 SEG and 103.82 SEG positions, \$2,428,800 FED and 36.07 FED positions, \$65,400 SEG-S and 1.0 SEG-S position, and \$82,700 PR and 1.0 PR position annually. Funding and position reductions are associated with positions that have been vacant for 12 months or more.

	Funding	Positions
SEG	- \$12,668,000	- 103.82
FED	- 4,857,600	- 36.07
SEG-S	- 130,800	- 1.00
PR	- 165,400	- 1.00
Total	- \$17,821,800	- 141.89

4. REPLACEMENT OF CLASSIFIED POSITIONS WITH UNCLASSIFIED POSITIONS

Governor: Delete 3.0 SEG classified positions and provide 3.0 SEG unclassified positions in the Department's departmental management and operations appropriation.

Under 2011 Act 10, 38 classified positions are transferred into the unclassified service to serve as division administrators. Act 10 also redefined "administrators" to include "other managerial positions determined by an appointing authority." The State Budget Office indicates that personnel from three separate employment areas (attorney services positions, communications positions, and legislative liaison positions) will be moved from classified to unclassified service within specified agencies. The revised unclassified positions were renamed as either chief legal advisors, communications directors, or legislative advisors. Individuals in these unclassified positions are at will employees appointed by the heads of the respective agencies.

The provisions in the 2011-13 biennial budget bill effectuate the intent of 2011 Act 10 in regards to the transfer of classified positions to unclassified positions.

5. REALLOCATION OF POSITIONS AND FUNDING BETWEEN DEPARTMENT DIVISIONS

Governor: Transfer 4.0 positions and associated funding within DOT appropriations to reflect a reallocation of those positions between Department divisions. There is no net fiscal effect of this item. The position transfers would be as follows: (a) a program manager position from the Division of Motor Vehicles to the Division of Transportation System Development; (b) an information systems automation specialist position from the Division of Transportation System Development to the Division of Business Management; (c) an engineering chief position from the Division of Transportation System Development to the Division of State Patrol; and (d) a transportation planning position from the Division of Transportation Investment Management to the Division of Transportation System Development.

6. DEPARTMENTWIDE OPERATIONS REDUCTIONS

SEG	- \$5,768,100
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Governor: Reduce funding by \$4,514,600 in 2011-12 and \$1,253,500 in 2012-13 in various administrative appropriations. The reductions would be absorbed primarily through salary and fringe benefit savings resulting from holding positions vacant and a reduction in contractual services. These reduction amounts would be allocated among the Department's appropriations as follows: (a) -\$2,803,500 in 2011-12 and -\$398,100 in 2012-13 for the departmental management and operations appropriation; (b) -\$1,627,100 in 2011-12 and -\$821,400 in 2012-13 in the administration and planning appropriation; (c) -\$50,000 in 2011-12 in the rail service appropriation; and (d) -\$34,000 annually in the aeronautics assistance appropriation.